

Appendix V

Thinking Strategically about Alliances

Identifying a Private Sector Resource Partner

For each of the development sectors being considered in the mission's strategic plan, consider whether the private sector is or could be a significant, long-term stakeholder.

There are different ways to look at the private sector as a stakeholder in the mission's development program:

1. **Direct business interests:** What private sector actors stand to gain if this sector grows and prospers? Conversely, what private sector actors stand to lose if it doesn't?
2. **Indirect business interests:** What private sector actors have a long-term financial or reputational investment in this country or sector?
3. **Philanthropic interests:** What foundations and other actors in the private non-profit sector have interests in this country or sector?
4. **Critical assets:** What private sector actors might be a critical part of the solution to the development challenges in this sector?

Identifying Potential Partners with Direct Business Interests (Category #1)

Those stakeholders falling into category #1 are typically private for-profit businesses or service providers and are good candidates to approach as resource partners since they would expect to reap business benefits from a successful alliance with USAID.

In identifying private sector actors in this category, consider each of the roles the private sector plays and its links to USAID's development priorities:

- **As an employer,** a private business has interests in primary health care, HIV/AIDS prevention, health policy, basic education, skills training, IT training, labor policy; pension and social security policy.
- **As an investor,** a private business has interests in accessing essential raw materials in a sustainable way through responsible economic and environmental management ; in being ensured of an adequate supply of healthy and productive workers through cost-effective health care and skills training; in efficient marketing of its product through market systems and transportation infrastructure development; and in a stable and predictable economic management regime with protection for foreign and local private investment.
- **As a vendor and supplier of inputs,** a private business has interests in growing the markets for their products and services through agricultural and SME development, promotion of eco-tourism, skills training programs; improved financing or credit access for buyers of goods and services; and a stable and predictable trade and economic management regime.
- **A purchaser of product** has interests in assuring price stability and quality of product through agribusiness development; market development; supply chain integration.

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Most of the private sector resource partners (although not the biggest in terms of contributions) found in the GDA portfolio fall into this broad category. They cluster around the following development activities:

Supply chain integration:

Nestle, Mars, and various European chocolate industries in West Africa Sustainable Tree Crop (Cocoa) and SUCCESS Asia Cocoa Alliances
 Starbucks and Green Mountain Roasters in Central American Regional Coffee Program
 Finta (Zambian) Dairy Ltd and local dairy farmers in Zambia Milk Collection Centers Alliance
 IKEA and Home Depot in Worldwide Certified Forests Alliance
 Royal Ahold in Ghana Food Industry Development Alliance

Agribusiness development:

Shaffer in Mali Markala Sugar
 Fresh & Green in Nigeria Cassava Competitiveness
 ChevronTexaco in Cabinda Agribusiness Development

Livestock health and market development:

Private animal health service providers in Horn of Africa Livestock Trade Commission Alliance
 Intervet in Southern Africa Regional Heartwater Vaccine Development Alliance

Non-traditional export development:

Variety of private buyers in Agribusiness in Sustainable Natural Plant Products (ASNAAP)
 AVEDA in Nepal Non-timber Forest Products
 Liz Claiborne in Mozlink's textile component

Information technology development:

Sun Microsystems, IBM, and Cisco Systems in Information Technology Training for Youth Alliance in Brazil

Marketing efficiency:

SHENI Agricultural Supplies and smallholder farmers in Zambia Warehouse Receipts Alliance

Policy reform:

Pfizer in South African Alliance on Intellectual Property Rights

Worker productivity:

Local companies in Colombia seeking IT-trained employees in LAC's entra 21 alliance with IADB and IYF
 Banco do Brasil in Information Technology Training for Youth in Brazil

Sustainable resource development:

QIT Minerals in Madagascar Minerals Alliance
 BP in Papua Birdshead Alliance

Since these partners will have core business interests at stake in the alliance with USAID, it is likely that they will seek a more active role in the alliance, their senior management will be more engaged in its planning and management, and they may be prepared to make a longer-term and more substantial commitment if the alliance shows signs of early success.

Identifying Potential Partners with Indirect Business Interests (Category #2)

Stakeholders falling into category #2 are also good candidates for resource partners, and are typically US or multinational companies which have, or seek, a long-term presence in the country and/or which are identified with policy issues that could negatively affect their public image. Businesses in this category often have, or are receptive to having, CSR programs as tangible evidence of their interest in being a good corporate citizen in that country. Examples in the GDA database are: Unilever and Ben & Jerry's in Mali Child Welfare, De Beers Group in Sierra Leone Peace Diamonds, and Mirant in AMORE Renewable Energy Alliance in the Philippines. An additional example is the FY03 ChevronTexaco alliance in Angola, which is motivated by CT's interest in being a "good citizen" in Angola more than by a direct business interest which that alliance might serve (in contrast to the Cabinda Agribusiness Development alliance cited above, which is designed to promote growth of businesses that could supply CT's operations in Angola, thus meeting an immediate business interest.)

This category affords a broader span of possible interests that would overlap with USAID's, as the prospective partner is not tied to meeting its business interests but can undertake any activity which meets its CSR objectives, which are likely to be more wide-ranging. Thus, it is one where proactive marketing by USAID of program ideas to receptive businesses can pay handsomely. These could – and do – include local businesses as well as multinational ones. Good candidates are programs with a broad public appeal, such as education or health. Examples of this "marketing" approach to alliance-building are: Morocco Girls Education and Healthy Indonesia 2020, both of which were developed as programs offering corporate sponsors a good development "brand" to be associated with, and hence won private business support. Another example is the bednet vouchering scheme being developed in West Africa where oil companies have expressed interest in donating to the treated bednet distribution program in return for having their logo show on the discount coupons distributed to rural householders.

Identifying Potential Partners with Philanthropic Interests

Stakeholders falling into category #3 are typically foundations. GDA has benefited significantly from the support of a number of foundations with interests in the problems of the developing world which have brought sizeable contributions to several on-going alliances with USAID. The Hilton Foundation's commitment to improved water supply led to a major contribution to the WAWI alliance. The Gates Foundation's commitment to improving health and health-care systems around the world has led to their support of GAIN, IAVI, and other innovative public-private alliances. Other examples include Hewlett and Overbrook Foundations in Brazil Sustainable Forestry; Toyota Foundation in India Livable Communities (Clean Air); UNF in MesoAmerican Reef and India Livable Communities; Kellogg Foundation in Africa Food Resources Bank Alliance. and Mellon Foundation in Incentive Fund Education.

Dealing with foundations and other philanthropic resource partners affords the very significant advantage of goal compatibility, since they are likelier to share USAID's longer-range development goals and time-horizon. This makes this category of partners a more natural "fit" for USAID programs. However, the universe of foundations willing to work on development issues is a finite one, and competition for their attention and resources is intense.

Identifying Potential Partners with Critical Assets

This category may include some overlap with the others listed above, but offers a different way of thinking about what partners might be approached. This requires analysis of what assets are needed to achieve a specific development result AND are not available from

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public sector sources. Such assets might include a proprietary technology, or a unique educational curriculum, or sensitive market information. Some examples in the GDA portfolio include:

Monsanto in Philippines

Sesame Street in Egypt and India

Royal Ahold in Ghana

Intervet in Southern Africa Heartwater Vaccine Commercialization

This approach requires USAID to be more proactive in the strategic planning stages in identifying potential resource partners and may be less well-suited to an 'opportunistic' alliance-building strategy. These are cases where the business interest in the alliance may not have been immediately evident to the partner without USAID undertaking extensive discussion leading the partner to a broader understanding of the opportunities its participation in such an alliance might offer. (E.g. the evolution of the Royal Ahold alliance, where intensive discussion by USAID staff and contractors with RA representatives redirected RA's earlier interest in a 'one-off' CSR-inspired investment to one which directly supported mission and GOG development objectives and to which RA could offer a unique, and critical, asset.)

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